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COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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November 6, 2015

TO: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: Joseph Kelly 
Treasurer and Tax Collector

SUBJECT: **ONLINE TAX PAYMENT PROCESSES AND SAFEGUARDS TO ENHANCE
CUSTOMER SERVICE
(BOARD AGENDA ITEM # 11 OF SEPTEMBER 22, 2015)**

On September 22, 2015, your Board directed the Treasurer and Tax Collector (TTC) to report back regarding the current online tax payment processes and safeguards, turnaround time for informing constituents when a payment is returned or declined, and available options, if any, to enhance customer service and improve the turnaround time.

To assist us in responding to the Board's request, we believed it was important to compare our processes and safeguards to those of other counties in the State. To this end, we developed and issued a survey through the California Association of County Treasurers and Tax Collectors, and have incorporated information from the survey responses into this report, as appropriate. The County's eCommerce payment systems, for the most part, are served by one vendor, Fidelity Information Systems (FIS). This service was procured through contractual agreement with the Chief Information Office (CIO). In collaboration with the CIO, we also discussed with FIS planned enhancements to their online payment processes.

Background

In December 2009, the TTC leveraged the contractual relationship with FIS and established online payment functionality, accessible through the TTC website, for current and defaulted secured property taxes. This functionality allows a taxpayer to select the parcels and amounts to be paid on the TTC website and, when the taxpayer prepares to pay, the transaction transfers seamlessly from the TTC website to the eCommerce payment system (System) managed by FIS. It is there that the taxpayer inputs information from his or her checking account, or credit/debit card, and requests payment.

Taxpayer utilization of eCommerce payments has steadily increased, and for the first time, eCommerce payments reached \$1 billion in the three months of the first installment (October to December) 2014.

Online Payment Options

The two types of online payment methods are eCheck and credit/debit card. Payments by eCheck represent about 80% of all eCommerce transactions, with the remainder being made through credit/debit card. We believe that the utilization of the eCheck payment option is more popular because there is no cost to the taxpayer. The processing fees for eChecks are less than 10 cents per transaction, and these fees are absorbed by the TTC.

eCheck

eCheck is a payment method in which a taxpayer enters his or her ACH-enabled checking account information into the System. Prior to accepting the payment information entered by the taxpayer, the System verifies the bank routing number, which is bank specific and conforms to a nine-digit standard established by the American Bankers Association, as a valid routing number. The System does not verify the checking account number as this service is not currently available through FIS. Unlike the routing number, the length of the account number field varies from 5 to 17 digits to allow for the wide variance in the length of checking account numbers among banks. The development of an effective verification service for checking accounts used in an eCommerce transaction has been hampered by the lack of industry wide standards on the length of the checking account numbers, and algorithmic support of their calculations, within financial institutions.

If the taxpayer included information in the checking account number field in addition to the actual account number, the transaction would process if the total number of digits was less than the maximum of 17. (As explained further, however, the System requires the taxpayer input this information twice, so the taxpayer would have to make the same error twice in order for the transaction to process.) To guard against including superfluous information in the routing and account number fields, we provide a graphic display of a standard check for reference purposes (see Attachment 1). On that graphic display, we advise taxpayers not to include the check number, as that is one data field that taxpayers might believe needs to be included, given its placement on the check in proximity to the routing and account number fields.

Credit/Debit Card

Credit/debit card is a payment method in which the taxpayer enters his or her credit/debit card number, security code, expiration date, and billing address. The information is validated real-time, similar to an in person purchase at a retail store.

Credit card transaction costs are 2.1% of the payment and a \$5.95 service fee, and the debit card service fee is \$3.95 per payment. The County's Credit/Debit Cost Neutrality Policy allows these fees to be paid by the taxpayer.

Safeguards to Enhance Customer Service

The TTC had established a number of objectives against which we evaluated the System prior to its release, chief among them were the ease of use; the cost effectiveness of use when compared with mailing a paper check; and ensuring successful transaction processing through of a series of safeguards and controls that limit transaction errors.

The following highlight the safeguards and controls that individually and collectively service to limit transaction errors.

Authentication Controls

- Use of Personal Identification Number (PIN)
 - ✓ Taxpayer is required to enter the PIN from the property tax bill, in compliance with National Automated Clearing House Association's (NACHA) guidelines for eCommerce transactions.

Acknowledgment Controls

- Acknowledgement of Terms of Payment
 - ✓ Taxpayer acknowledges, among other things, "the need to ensure the accuracy of all data entered to avoid penalties and/or costs."
- Automated Transaction Confirmation
 - ✓ Taxpayer receives an automated confirmation of the transaction through email.
- Pop-Up Screens with Service Fee Calculations
 - ✓ Taxpayers can access a calculator which shows the service fees for credit/debit card payments.

Controls to Ensure Use of Required Type of Account

- Pop-Up Screens with Required Account Types
 - ✓ The account used for an eCheck transaction must be ACH-enabled, meaning it must accept ACH debits. To ensure the taxpayer's account is ACH-enabled, we provide a list of accounts that generally are ACH-enabled (e.g., a personal checking account) and those that are not (e.g., cash advance check provided by a credit card company).

Controls to Prevent Data Entry Errors

- Amount Due Limit
 - ✓ Taxpayer cannot pay more than the amount due, and that balance is updated daily to reflect all payments received, regardless of the method of payment.

- Duplicate Entry of Bank Routing and Checking Account Numbers
 - ✓ Taxpayer is required to enter his or her routing and account numbers twice. If the taxpayer made a data entry error in inputting the information the first time, but entered it correctly the second time, the System provides a message informing the taxpayer of the difference.
 - ✓ The System provides a graphic display of a standard check for reference purposes with the typical locations of the bank routing and checking account number (see Attachment 1). On that graphic display, we advise taxpayers not to include the check number, as that is one data field that taxpayers might believe needs to be included, given its placement on the check in proximity to the account and routing numbers.
- Bank Routing Number Verification
 - ✓ The System verifies the bank routing number against an industry standard and advises the taxpayer with a real-time on screen message if the routing number entered is invalid.
- Real-Time Verification of Credit/Debit Card Information
 - ✓ Each taxpayer's card number, card security code, expiration date, and billing address are validated real-time.
- Duplicate Entry of Email Address
 - ✓ Taxpayer is required to input his or her email address twice. If the taxpayer made a data entry error in inputting the information the first time, but entered it correctly the second time, the System provides a message informing the taxpayer of the difference. This email address is used to provide the automated transaction confirmation and for any necessary follow-up by TTC staff.

This comprehensive system of safeguards and controls, individually and collectively, serve to ensure the successful processing of the transaction to the greatest extent possible, and satisfy taxpayer desire for a cost effective and easy to use alternative to mailing in a payment. Evidence of this is a very low transaction rejection rate, and a high customer service satisfaction rating. Specifically, in Fiscal Year 2014-15, the rejection rate for both eCheck and paper checks was under 1%. And approximately 1,000 taxpayers who completed a survey from January to April 2015 rated the online experience 90% in terms of overall satisfaction, and those taxpayers stated they would use the service again and would recommend the service to others. The number one reason taxpayers did not assign an overall satisfaction of 100% was the County's requirement that the taxpayer absorb the credit card fee.

Turnaround Time Notifications

When we established online payment functionality, we voluntarily implemented a customer service program to advise a taxpayer who initiated an online eCheck payment of the return of that payment, so the taxpayer could have an opportunity to make a corrected payment prior to

the delinquency date (after which penalties would apply). However, the ability to make a corrected payment prior to the delinquency date is limited the closer to the delinquency date taxpayers make their original payment.

It typically takes three to five business days after the taxpayer completes the eCheck transaction for the TTC to receive notice that the transaction has been returned. These timeframes are reasonable given the flow of the transaction after it is first completed. The taxpayer's bank needs to research the transaction if it excepts out of automated processes and notify the submitting bank of the return item, after which the submitting bank notifies the TTC. These timeframes are consistent with those other counties reported and we did not identify any recommendations for improvement.

Credit/Debit Card Transactions

After the taxpayer enters his or her card information into the online credit/debit card payment system, the eCommerce vendor validates the information. The eCommerce vendor also verifies the account status (if it is in good standing) and available credit. If the information entered is not valid or there is an issue with the account status, the taxpayer will receive an immediate error message on the screen.

Available Options including costs to Enhance Customer Service and Turnaround Time

The TTC is using all available options offered by FIS and our customer service program through which we advise taxpayers of returned payments has helped thousands avoid the application of penalties that result from delinquent payments. FIS has advised us that it has a checking account verification enhancement in development. When this enhancement is completed, the TTC will evaluate it against the objectives for online payment functionality which are ease of use, cost effectiveness and successful transaction processing.

Should you have any questions, please contact me directly or your staff may contact Keith Knox, Chief Deputy Treasurer and Tax Collector, at (213) 974-0703 or kknox@ttc.lacounty.gov.

JK:MO:MG:lc

Attachment

c: Assessor
Auditor-Controller
Chief Executive Officer
Chief Information Officer
Interim County Counsel
Acting Executive Officer, Board of Supervisors
California Association of County Treasurer and Tax Collectors



Payment Entry

Please enter your payment information below:

Payment Method: E-Check

Bank Account Information

Type of Check E-Check Personal ▼

Routing Number

Re-enter Routing Number

Account Number

Re-enter Account Number

check

Please include any leading zero in your Routing and Account numbers.

For help with routing and account numbers, click on the (?) icon next to the field.

All fields are required.

Account Holder's Information

Name (Only one account name is required.)

Address

City

State California ▼

ZIP Code

Daytime Phone Number
(XXX-XXX-XXXX)

Email Address

Re-Enter Email Address

All fields are required.

Please print a copy of your receipt for your records.

[Go Back/Edit](#) [Cancel](#) [Continue](#)

For help or inquiries regarding eCheck payments, contact us at echeck@lacounty.gov. For all other inquiries, contact us at info@lacounty.gov.
Our business hours are 8:00 a.m. to 5:00 p.m., Pacific Time, Monday through Friday, excluding Los Angeles County holidays.
Our office is located in the Kenneth Hahn Hall of Administration, 225 North Hill Street, First Floor Lobby, Los Angeles, CA 90012.

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Please enter your payment information:

YOUR NAME
ADDRESS, CITY
STATE AND ZIP CODE

YOUR BANK
BANK ADDRESS
STATE AND ZIP CODE

Bank Routing Number

Account Number

Do not include this check number

383

383

Do not include this check number

383

Please enter only your Routing and Account number.
Your check number is not needed for this transaction.

All fields marked * are required.